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Currency Watch			
USD	EUR	GBP	JPY
85.80	97.11	115.42	0.60

INTERNATIONAL NEWS	
No	Topics
1	Consumer Debt Grows as Export Market Shrinks Due to Tariff Turmoil
2	Vietnam Completes Second Round of Trade Talks With U.S.
3	Global Standard Touts Sustainability Progress in Annual Report
4	ICE cotton stalls below resistance amid mixed signals
5	Australia's economic momentum slows as leading index falls to 0.2%
6	Japan's clothing imports rise 5.2% to $2.2 bn in April 2025
7	Pressure on UK labour market; demand weakens, staff costs up: S&P GMI
8	Bangladesh: BGMEA Seeks 3-Month Delay for India’s Land Port Ban on Garment Exports

NATIONAL NEWS	
No	**Topics**
1	Piyush Goyal meets US Secretary Howard Lutnick for a mutually beneficial India-US trade agreement
2	India has scope to grow exports as supply chains are changing: Report
3	UK to give non-discriminatory treatment to India in procurement under FTA
4	India-Oman free trade agreement faces 'Omanisation' policy hurdle
5	India turns manufacturing more attractive to investors: S&P Global
6	Global trade shift demands bold Indian export moves: D&B
7	Gartex Texprocess India 2025 kicks off in Mumbai with global focus
8	Cotton yarn demand slows in North India amid global concerns

INTERNATIONAL NEWS

Consumer Debt Grows as Export Market Shrinks Due to Tariff Turmoil

President Donald Trump's tariffs were designed to safeguard domestic industry, but the duties may act as a "stealth tax" on consumers whose incomes are becoming increasingly stretched.

That's according to new reporting from the Kaplan Group, which shows that shoppers are increasing their credit card use and accruing more debt in light of rising costs. If fully realized on July 9, Trump's "reciprocal" duties could drive risks of fiscal insecurity even higher.

The commercial collections agency drew data from the Federal Reserve, the Bureau of Labor Statistics and the Peterson Institute for International Economics. Comparing that data with estimates of tariff costs, it found that average American households could pay between $1,200 and $3,000 more per year due to added duties.

There are compounding factors that inform this estimate. For one, inflation was already on the rise before any new tariffs kicked in, hitting 3 percent in January. With some tariffs now in place and others still looming, Kaplan Group analysts believe shoppers are increasingly reaching for credit cards, "not for luxuries, but for basics."

At the same time, credit card debt—along with interest rates, which have climbed to over 22 percent—is on an upswing. Revolving credit is growing at an 8.2-percent annualized rate as of January. This means that the debt amassed this year will be "harder than ever to repay."

"Tariffs not only increase the direct price of goods, but also compound costs when consumers finance those purchases on credit cards," the group wrote.

In a low-tariff scenario, the average duty burden to U.S. households might hover around $1,200, but if consumers are using credit cards with 22-percent APRs, the cost rises sharply to over $1,400. Things look even grimmer in a high-tariff scenario, where costs could climb to $3,000. With interest, shoppers could be looking at nearly $3,700 in debt if they buy their basics on a credit card in 2025. "This compounding effect turns a one-time cost increase into a long-term financial burden," Kaplan Group wrote.

High-interest debt could quickly "snowball" into monthly payments that a household can't afford. And if prices continue to rise and debt continues to grow, the risk of recession skyrockets. "Rising consumer debt, combined with tariff-driven inflation, could reduce household spending—the primary engine of the U.S. economy," the report said.

Consumers have already pulled back on discretionary purchases, and continued economic uncertainty could cause them to participate even less in things like travel, dining, entertainment and, of course, retail.

The tariffs aren't just impacting shoppers—exporters, too, have had their confidence dinged by rapidly shifting trade policy and mercurial consumer confidence.

Three-fifths (60 percent) of companies polled for Allianz Trade's Global Survey between March and April said they expect a negative impact from Trump's trade war. Those results span the globe, with 4,500 companies polled across China, France, Germany, Italy, Poland, Singapore, Spain, the United Kingdom and the U.S. evincing a cloudier outlook.

Turnover will decline by up to 10 percent over the course of the next year, 42 percent of exporting companies believe (compared to just 5 percent who said the same before "Liberation Day"). Fewer than half of the companies queried expect to see positive growth over the next 12 months, compared to 80 percent who said they projected gains before the April 2 tariff announcements.

What's more, 27 percent of firms said they are prepared to temporarily halt production as a result of higher tariff costs, while 32 percent actively intend to stop imports or offshore manufacturing to avoid the duties.

While an interim trade deal with China has brought the tariff rate down from the triple digits announced in April, the average import duty rate for China-made goods still hovers at 39 percent—much higher than the 13-percent average seen before Trump took office for the second time. According to Allianz analysts, U.S.-based firms are likely to continue to frontload imports as a strategic response while also rerouting shipments to keep Customs costs in check.

Before the Chinese duties took effect, a whopping 79 percent of companies surveyed raced to bring in orders under the wire, and one-quarter of them even started before the presidential election in November. Rerouting to other markets is another strategy that is now being bolstered by the lowering of shipping costs, which have plummeted 50 percent since the beginning of 2025.

And as trade tension frazzles decision-makers, they're pushing the costs onto both their customers and suppliers. While the president seems, more recently, to be amenable to striking trade deals with global partners, price hikes are inevitable, with 54 percent of American firms saying they plan to increase them no matter what.

Firms are also shirking responsibility for duties and seeking to pawn tariff costs off on suppliers. The Allianz survey revealed that preferences for International Commercial Terms are moving toward "Delivered Duty Paid" globally, which means that sellers are responsible for managing logistics and costs—including Customs duties—all the way to the buyers' doorsteps.

It's likely that even if the double-digit duty rates stipulated during Trump's Liberation Day announcements are lowered over the coming weeks and months (the president hinted at such an outcome recently), supply chain diversification will be exacerbated by the entire trade war debacle. About one-third of survey respondents told Allianz that they've probed new markets for exports and supply, and nearly two-thirds are planning to do so in the future.

For companies that are bought into global supply chains, geopolitical risks and trade tensions are "provoking reconfigurations," the analysts wrote. More than half (54 percent) of the respondents said they consider those factors, along with social unrest in the countries they do business in, to be the top threats to their supply chains.

Even prior to Trump's tariff announcements, 34 percent of firms had already identified new locations for offshore manufacturing and supply, while 59 percent were planning to do so. U.S. firms that have longer, more complex supply chains (and more overseas production) were more bullish: 60 percent said they'd already found new sourcing locales to relocate to.

Many firms are motivated to de-risk by pulling more of their sourcing away from China, even with the 90-day trade truce in place. About one-quarter of American firms are increasingly favoring Western Europe (up from just 11 percent before April 2), and the same number are looking to Latin America (up from 9 percent). Notably, the Asia-Pacific region has lost some of its appeal, with just 34 percent of respondents saying they plan to diversify sourcing to these countries (compared to 61 percent before the tariffs were announced), likely because of China's deep integration into the regional supply chain.

Notably, Chinese firms with supply chains in the Americas were even less willing to commit to deepening ties to these regions, and they're increasingly looking to both Western Europe and other Asian countries as the answer. Thirty-nine percent of Chinese companies surveyed said they were looking to the Asia-Pacific to relocate.

On both sides of the U.S.-China relationship, export opportunities have diminished, Allianz data showed. While already on the lower side, U.S. businesses said their exports to China and East Asia stand to drop from 21 percent to 10 percent, while Chinese firms' interest in exporting to North America dropped from 15 percent to 3 percent.

"Despite the recent positive developments, the trade war persists and volatility in trade policies means that decoupling is likely to gradually continue," analysts wrote.

Source: sourcingjournal.com– May 22, 2025

HOME

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Vietnam Completes Second Round of Trade Talks With U.S.

The United States and Vietnam have concluded a second round of trade negotiations according to Vietnam's trade ministry, which noted significant progress being made in talks scheduled from May 19-22 in Washington.

In a statement on Thursday, the trade body said that both sides engaged in substantive discussions on all agenda items outlined ahead of the session. Vietnam faces one of the highest tariff impositions announced by president Trump's administration in April, at 46 percent.

Nguyễn Hồng Diên, minister of industry and trade in Vietnam met with Ambassador and US Trade Representative Jamieson Greer to review the outcomes of the second round and identify key issues. According to a statement from the ministry on Thursday, discussions will continue at the end of June.

The 90-day pause on the proposed 46-percent tariffs ends on July 8.

Hồng Diên spoke about the intent to foster a balanced and sustainable economic and trade relationship with the U.S., for the benefit of both countries' peoples and businesses', while Ambassador Greer praised Vietnam's goodwill and efforts to address US concerns and expressed a desire to continue technical-level and ministerial-level exchanges to reach an agreement as soon as possible.

According to the office of the U.S. Trade representative, the trade deficit of Vietnam with the U.S. was $123.5 billion in 2024, with the U.S. importing goods worth $136.6 billion in 2024, as against exporting goods worth $13.1 billion to Vietnam.

Meanwhile, the industry in Vietnam has been gathering at several forums over the past few weeks to get a handle on what the 46 percent tariff levied against Vietnam could mean for the industry. Vietnam exported apparel worth $44 billion in 2024, with an approximate 38 percent of this to the U.S, an increase of 12.33 percent over the previous year according to the Vietnam Textile and Apparel Association (VITAS).

At a forum organized by Cascale in Ho Chi Minh City on May 14-15, Vu Duc Giang, Chairman of the Vietnam Textile & Apparel Association (VITAS) mirrored the feeling that appeared to be reverberating through the 600 industry professionals present. “None of us can go alone—collaboration is the only way. When brands, manufacturers, organizations and governments come together and share responsibility, any goal can be achieved,” he said in his keynote address.

The point was amplified through the event.

“The Cascale Forum in Ho Chi Minh City reminds us that while policy can shift and stall, manufacturers have a great opportunity to lead. Our ongoing mandate is to ensure that this progress isn’t slowed by uncertainty—but accelerated through collaboration,” Andrew Martin, executive vice president, Cascale, said in a session.

Cascale, a global nonprofit alliance formerly known as the Sustainable Apparel Coalition, empowers collaboration to drive equitable and restorative business practices in the consumer goods industry, and owns and develops the Higg Index, which is available on Worldly, a comprehensive sustainability data and insights platform.

Sharing their thoughts, and in urgent discussions that often skirted around the looming tariffs were manufacturers, leading brands, service providers, and supply chain partners. Other important issues including decarbonization, regulatory changes, facility improvements, responsible contracting and worker rights were also discussed.

Vietnamese manufacturers attending the event told Sourcing Journal about their fears that global brands would pressure them to shoulder the costs of tariff impacts, while underlining the need to protect workers as the apparel industry in Vietnam employs more than three million people. Discussions about how this situation should be handled were also ongoing. As Lindsay Wright, director of communications and strategic partnerships, Better Buying, Cascale observed: “Manufacturers are clear: Global brands should not use tariffs as an excuse to roll back on their responsible business commitments. If they do, the consumer goods industry will have to pick up the pieces later.”

Massimiliano Tropeano, garment, trade and sustainability expert at GIZ-EuroCham Cambodia, noted that while tariffs focused on reshaping physical trade flows, the real story is much more complex.

"The complexity of a topic like tariff trade cannot be simplified, however, the base number on which the trade imbalance have been calculated are intrinsically wrong. Take the iPhone. Designed in California, yes—but manufactured in China. This shows up as China's export numbers, not America's. And it's not just hardware. Software giants like Microsoft, Meta, and Alphabet sell digital products and services globally—but often book the revenue through offshore entities in low-tax jurisdictions like Ireland or the Netherlands.The kicker to all of this is that ironically the above is adding to the very trade imbalance that U.S. tariffs aimed to correct."

"As we move forward in a world of digital globalization, maybe it's time to rethink how we measure economic power, national competitiveness, and fair trade," he said.

Important points to note for manufacturers included the focus on managing regulations as well as sustainability and environmental concerns.

"In the Asia-Pacific region, regulation is fast becoming strategy," Cascale's Martin emphasized. "We are increasingly seeing many countries stepping up with more progressive policies. To support this, Cascale advocates for clear, consistent guidance that manufacturers can actually use. We're actively engaging across all three regions to push for global and regional frameworks that are practical, aligned, and grounded in manufacturers' realities.

"Our shared mission is driving positive impact across the largest engaged supply chain network in the industry," said Adele Stafford, chief growth officer at Worldly at the event. She spoke about the growing momentum on the platform: "Over 20,000 Higg Facility Environmental Modules (FEMs) have already been completed in 2025, with each supplier sharing data with an average of four brands, improving efficiency."

While economists are calling for "increased self reliance," manufacturers are also looking at ways to speed past the possible deadline on July 8. The HCM City Association of Garments, Textiles, Embroidery and Knitting has called for ramping up production to increase shipments before the tariff increases kick in.

"There's only so much we can do to sidestep this huge tariff," a manufacturer said, asking not to be named. "Meanwhile, we're just counting on negotiations turning this new avalanche around."

Source: sourcingjournal.com– May 22, 2025

HOME

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Global Standard Touts Sustainability Progress in Annual Report

Global Standard, the nonprofit behind the Global Organic Textile Standard (GOTS), increased its certified textile facilities globally by more than 5 percent last year, according to its 2024 annual report.

The report outlines the organization's progress on sustainability issues across the global textile industry. The increase in GOTS-certified facilities—which must meet strict environmental and social criteria—brings the organization's total of approved operations to 15,441 across 87 countries.

That criteria—dubbed GOTS version 7.0—was introduced in 2023 and fully implemented in March 2024. The rollout included online training to assist GOTS-certified entities with due diligence requirements, including a comprehensive handbook for auditors released in November 2024.

Global Standard has since set up a 25-member standard revision committee for GOTS version 8.0, which is currently in its first public consultation phase. This edition of the standard will include provisions on the circular economy, mitigation of climate change-related issues that affect the well-being of workers and additional improvements to due diligence criteria.

And for the first time in its existence, Global Standard expanded its mission beyond a single standard to become a voluntary sustainability standard setter. This move aims to allow the textile industry to apply the GOTS framework to other sustainable fibers. Following ISEAL Alliance credibility principles, the new standards will be released for public comment in 2025.

"By building on the success and value of GOTS, we aim to strengthen Global Standard's impact, support diverse sustainability challenges and empower stakeholders across global value chains," said Rahul Bhajekar, managing director of Global Standard.

The report also outlined the results of Global Standard's Satellite Cotton Monitoring Project, conducted in India in partnership with the European Space Agency and AI firm Marple. The project produced a 97 percent accuracy rate in detecting cotton fields and more than 80 percent accuracy in determining their organic status. The program aims to increase organic cotton availability by facilitating the organic certification process for farms.

Global Standard also reported that its #BehindTheSeams campaign—which launched last year in conjunction with the Organic Cotton Accelerator to help boost organic fiber production—reached more than 70 million people worldwide, with 265 GOTS brands participating. The consumer outreach and educational program held during September 2024 engaged people with games, giveaways and more designed to increase public awareness of the importance of organics.

Global Standard managing director Claudia Kersten said that the organization's gains in 2024 build on their ongoing mission to improve the sustainability of the global textile industry.

"The necessity of our work was compounded in 2024 due to evolving regulations concerning value chains around the world, especially in Europe," said Claudia Kersten, managing director of Global Standard. "Already central to driving impact and progress, voluntary sustainability standards are now emerging as strategic tools for compliance—underscoring their evolving role in leading sustainable transformation. Whether it is human rights due diligence or using the latest technology to strengthen integrity, Global Standard and its experts remain at the forefront."

Source: sourcingjournal.com– May 22, 2025

HOME

****

ICE cotton stalls below resistance amid mixed signals

ICE cotton futures remained range-bound with a slight decline on Wednesday, as the July contract failed to breach a key technical resistance level. Macro factors were mixed: crude oil prices eased, but a weaker US dollar provided support to US cotton. Rising grain prices also acted as a positive factor for the natural fibre.

The ICE cotton July 2025 contract settled at 66.07 cents per pound (0.453 kg), down 0.05 cent from the previous day. The December 2025 contract settled at 68.71 cents, down 3 points. The trading session was quiet and uneventful, with clear signs of a lack of momentum.

Crude oil prices fell due to market focus on Iranian supply issues and a surprise drop in US crude inventories, adding mixed signals to the commodities market.

The US dollar weakened against major currencies, driven by concerns over tax cuts, spending bills, and low demand in a 20-year Treasury bond auction—factors that improved US export competitiveness.

Daily volume stood at 26,661 contracts, marking the lowest trading volume of 2025 so far. The previous low was 18,138 contracts on December 31, 2024. In contrast, 32,117 contracts were cleared on May 20, reflecting a noticeable dip in market participation.

ICE data showed that certified cotton stockpiles under the No. 2 contract rose from 36,366 bales to 39,796 bales on May 20, indicating a build-up in available inventory and reflecting a balanced-to-bearish near-term supply sentiment.

Market analysts noted that cotton was facing resistance at the 10-day moving average of 65.96 cents, stalling the recent rebound. The light volume suggests trader caution and a wait-and-watch approach amid technical resistance.

Gains in grains offered some support. CBOT wheat hit a one-month high due to short-covering and production concerns in the Northern Hemisphere. Corn and soybean futures also posted gains, helping to stabilise cotton prices by lifting overall sentiment in agri-commodities.

US stock markets fell sharply, reacting to fears that tax reforms could significantly increase national debt. This caused Treasury yields to rise, further unsettling investors.

Market participants are now awaiting the USDA's weekly export sales report, due on Thursday, for fresh cues on global cotton demand.

At present, ICE cotton for July 2025 is trading at 66.01 cents per pound (down 0.06 cent), cash cotton at 64.32 cents (down 0.05 cent), the October 2025 contract at 68.65 cents (up 0.03 cent), the December 2025 contract at 68.60 cents (down 0.11 cent), the March 2026 contract at 69.97 cents per pound (down 0.12 cent), and the May 2026 contract at 70.83 cents (down 0.20 cent). A few contracts remained at their previous closing levels, with no trading recorded today.

Source: fibre2fashion.com– May 22, 2025

HOME

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Australia's economic momentum slows as leading index falls to 0.2%

The Westpac Melbourne Institute Leading Index’s six-month annualised growth rate eased in Australia to 0.2 per cent in April, down from 0.5 per cent in March, signalling a slower pace of economic activity in the coming months.

The early-year signs of above-trend growth have now ‘all but disappeared,’ Westpac said, pointing to heightened global trade uncertainty and a less supportive commodity price environment as key drags.

While external pressures dominate, domestic factors have offered only modest support—labour market momentum has slowed, and current interest rate settings are not sufficiently stimulative.

Westpac forecasts GDP growth to reach 1.9 per cent year-on-year by the end of 2025—a below-average result by historical standards, underlining continued challenges for the recovery.

Over the past six months, the growth rate of the Leading Index has remained unchanged, with five of its eight components weakening. This mixed performance points to stalling momentum in what was already expected to be a gradual recovery for the Australian economy.

The weakening signal has come from financial market and sentiment-based components. The biggest additional drags have come from: the Westpac–Melbourne Institute Consumer Expectations Index (taking 0.23ppts off the headline growth rate); the S&P/ASX200 (–0.12ppts) and the Westpac Melbourne Institute Consumer Unemployment Expectations Index (–0.1ppts). Dwelling approvals and total hours worked have also shaved a further 0.1ppts off the headline growth rate on a combined basis.

Over the last six months, this additional drag has been offset by more positive contributions from commodity prices (adding 0.24ppts to the headline growth rate), US industrial production (+0.17ppts) and the yield spread (+0.15ppts). However, all of these components have become less supportive in the last few months.

In the case of commodity prices, which are measured in AUD terms, strong gains late last year have given way to a partial retracement since January. US industrial production has also moderated from a mini-surge late last year. The yield spread component is also providing less positive impetus – reflecting, at short end of the interest rate curve, the RBA's gradual policy easing and, at the long end, downgraded global growth prospects.

The Reserve Bank Monetary Policy Board next meets on July 7–8. As expected, the board lowered the cash rate target by 25bps to 3.85 per cent at its May meeting, citing increased confidence around inflation and an expectation that international developments would exert some drag on the economy. That drag is already starting to show through more clearly in Leading Index growth reads. That said, it does not look too threatening at this stage, with most of the effect coming via sentiment and financial markets rather than a hit to trade and export prices.

Source: fibre2fashion.com– May 23, 2025

HOME

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Japan's clothing imports rise 5.2% to $2.2 bn in April 2025

Japan's imports of clothing and accessories rose by 5.2 per cent to 317,547 million yen (~$2.209 billion), accounting for 3.4 per cent of the country's total imports, which stood at 9,273,003 million yen, according to provisional data from Japan's Ministry of Finance.

Imports of textile yarn and fabric increased by 0.3 per cent to 101,204 million yen, representing 1.1 per cent of total imports.

Meanwhile, Japan's exports of textile yarn and fabric grew by 1.6 per cent to 72,656 million yen during the same period. Exports of textile machinery rose by 3.4 per cent to 21,434 million yen, contributing 0.2 per cent to total exports.

In fiscal 2024–25 (April–March), imports of clothing and accessories increased by 5.2 per cent to 3,764,657 million yen (~$26.440 billion). Imports of textile yarn and fabric rose by 2.7 per cent to 1,174,598 million yen.

Exports of textile yarn and fabric in the fiscal grew by 6 per cent to 850,139 million yen, while textile machinery exports declined by 12.6 per cent to 280,408 million yen.

In fiscal 2023–24, imports of clothing and accessories fell by 1.7 per cent to 3,564,850 million yen (~$23.107 billion), and textile yarn and fabric imports dropped by 10.4 per cent to 1,143,805 million yen. During the same period, exports of textile yarn and fabric stood at 802,178 million yen, and textile machinery exports totalled 320,947 million yen.

In fiscal 2022–23, clothing and accessories imports reached 3,619,550 million yen (~$25.05 billion), while textile machinery exports were 306,781 million yen.

Source: fibre2fashion.com– May 23, 2025

HOME

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Pressure on UK labour market; demand weakens, staff costs up: S&P GMI

S&P Global purchasing managers' index (PMI) data showed UK employment falling for a seventh straight month in April this year, signalling a sustained deterioration in the country's labour market conditions.

The country's performance on the jobs front at the start of the second quarter (Q2) this year was the weakest among all the major economies covered by the PMI data, led by a steep reduction in manufacturing workforce numbers, according to a commentary by S&P Global Market Intelligence (S&P GMI).

Rising labour costs in recent months have been exacerbated by tariff-related concerns and uncertainty, which have weighed heavily on business confidence, paving the way for further job losses in the coming months unless growth expectations improve materially from the current depressed level, it noted.

Following growth across the UK economy in Q1 2025, PMI data for April showed a marked loss of momentum and renewed risks of an economic downturn.

The PMI data have also shown a period of persistent weakness in underlying demand conditions facing UK firms, with inflows of new business having fallen in each month since December last year amid reports of fragile consumer confidence, tighter budgets, increased scrutiny around spending and heightened geopolitical uncertainty.

April's decrease in new business was in fact the steepest recorded since the sharp drop in demand associated with the fallout from the Liz Truss 'mini budget' in late 2022. This backdrop of weakened demand has contributed to companies adopting a more cautious approach to hiring, the commentary observed.

Besides weak demand, another key factor driving a cutback in recruitment has been last October's Autumn Budget. Changes to employers' National Insurance contributions—a form of tax—and a higher minimum wage have led many businesses to reassess their workforce needs, according to anecdotal evidence collected in the PMI surveys.

This ongoing cutback in payroll numbers is a clear shift from the strong employment growth seen in the early post-pandemic months. In fact, the reduction in workforce numbers observed in February this year was the most pronounced since November 2020.

While salary cost pressures have significantly diminished since their peak in 2022, they continue to run above the long-run average and have even reaccelerated, with data from October 2024 onward indicating monthly increases in these pressures.

Source: fibre2fashion.com– May 22, 2025

HOME

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Bangladesh: BGMEA Seeks 3-Month Delay for India's Land Port Ban on Garment Exports

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has called on India to allow for a three-month reprieve on its abrupt ban on the entry of Bangladeshi garment exports via its land ports.

The association is urging Bangladesh's interim government to send a formal letter to the Indian government on their behalf, which would request for a three-month "notification period" that would give ample time to clear the pending backlog of garments that are already set to be exported to India.

Many India-bound shipments have been waiting to be unloaded at the land ports since Saturday, when the restrictions were put in place.

In an interview with Bangladesh publication The Daily Star, Asif Ashraf, a former vice president of the BGMEA, said exporters were not prepared for such a sudden ban, and are now concerned about financial impacts to their business on the shipping delays.

On Tuesday, Bangladesh's commerce ministry held an inter-ministerial meeting in Dhaka with stakeholders and government officials to discuss a response to India's restrictions.

"We will not take any retaliatory steps. They've taken this step, and we will engage with them," Commerce Secretary Mahbubur Rahman told reporters after the meeting. Rahman mentioned that a meeting at the secretary level between the two countries is being considered to resolve the issue.

"We will point out that not only Bangladeshi businesses are being affected, Indian businesses will also suffer. So, let's sit together and find a solution," said Rahman. "We have an established secretariat-level forum with India. Last week, we sent a letter requesting a meeting. Once we receive a response, we'll know when it can be held."

According to the BGMEA, readymade garment (RMG) exports to India reached $563 million in the first 10 months of the current fiscal year. The association says 93 percent of the garments shipped from Bangladesh to India goes through land ports.

The move to block entry to RMGs, as well as limit other exports like processed foods, plastic goods and wooden furniture, will impact 42 percent of India's total inbound trade from Bangladesh, according to a report from New Delhi-based Global Trade Research Initiative.

The land port ban was an apparent escalation of a series of supply chain restrictions the countries have placed on each other in recent months.

In February, India implemented a 20 percent import tariff on nine varieties of knitted fabrics from Bangladesh.

Two months later, the country revoked Bangladesh's access to its transshipment services, which prevents Bangladeshi exporters from shipping cargo via Indian land borders and customs stations. That service, first established in 2020, allowed Bangladeshi businesses to use Indian airports and seaports to send goods to third countries. Bangladesh has since opened a new air cargo hub at one of its major airports to pick up the slack.

Bangladesh also put up some of its own supply chain barriers, clamping down on foreign imports of yarns via its land ports. Yarns can still be imported via seaports and airports, but textile mills had claimed the land ports didn't have the required infrastructure to properly vet raw materials. According to the Bangladesh Textile Mills Association, 95 percent of yarn imports come from India.

In April, other imports from India including rice were restricted through the land ports, while goods like paper, tobacco and powdered milk got banned outright.

Bangladesh's tit-for-tat with India comes as the south Asian country still is trying to maneuver through trade negotiations with the U.S. after the Trump administration's imposition of country-specific tariffs on April 2.

Both countries agreed in principle to start Free Trade Agreement (FTA) talks this week, Rahman said.

Currently, Bangladesh has a 10-percent tariff placed on all goods it exports to the U.S., but that total could hike to 37 percent—or nearly 53 percent on apparel—if a new deal isn't reached by July 9.

As part of a potential deal, Bangladesh's government is considering removing import tariffs on about 100 products it brings in from the U.S. In accordance with World Trade Organization rules, the removal would apply to all countries Bangladesh imports from.

These products reportedly range from raw materials for readymade garments, as well as man-made fibers and wool. They would also include items like machinery, effluent treatment plants, dialysis filters, fire extinguishers and certain arms, according to a report from Bangladesh publication The Business Standard.

Officials from the National Board of Revenue (NBR) told the publication that the plans were discussed during a meeting with Chief Adviser Muhammad Yunus ahead of the upcoming fiscal year budget.

In 2024, Bangladesh imported goods worth $2.2 billion from the U.S., while exporting $8.4 billion, making the U.S. Bangladesh's largest export market.

Source: sourcingjournal.com– May 22, 2025

HOME

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NATIONAL NEWS

Piyush Goyal meets US Secretary Howard Lutnick for a mutually beneficial India-US trade agreement

Union Minister of Commerce and Industry Piyush Goyal held a meeting with Howard Lutnick, the United States Secretary of Commerce, to discuss the prospects of a mutually beneficial trade agreement between the two nations.

The meeting focused on deepening economic ties and exploring new opportunities for collaboration in trade and investment.

In a social media post following the meeting, Goyal shared, "Held a constructive meeting with Secretary @HowardLutnick for a mutually beneficial trade agreement. Committed to enhancing opportunities for our businesses and people."

The statement reflects the growing commitment from both sides to strengthen bilateral trade relations and promote economic growth through increased cooperation.

India and the United States are poised to sign the first tranche of the much-anticipated Bilateral Trade Agreement (BTA) before July, according to sources who spoke to ANI.

Sources revealed that a round of meetings with the United States Trade Representative has already concluded.

Officials from both nations have discussed various issues related to goods trade, with India pushing for concessions on labour-intensive exports such as leather and textiles. Service sector issues have also featured prominently in the discussions.

"We want to increase our exports and preserve what we are already exporting," a source familiar with the negotiations told ANI. "The BTA with the US will be a win-win deal for both countries".

The sources indicated that India remains protective of sensitive sectors, particularly agriculture and dairy products. A key Indian demand is a full exemption from the 26 per cent tariff imposed on certain goods.

"Negotiations are proceeding on a very positive note, and we expect to conclude the agreement before the sunset clause set by the US, which expires on July 8," one of the sources added.

The India-US trade deal would mark a significant milestone in economic relations between the world's largest and fifth-largest economies, potentially opening new avenues for bilateral commerce and investment.

For the fourth consecutive year in 2024-25, the US was India's largest trading partner, with bilateral trade valued at USD 131.84 billion. India had a trade surplus of USD 41.18 billion in goods in 2024-25.

During the recent meeting between President Donald Trump and Prime Minister Narendra Modi in February, the two leaders resolved to expand trade and investment to make their citizens more prosperous, nations stronger, economies more innovative, and supply chains more resilient.

They resolved to deepen the US-India trade relationship to promote growth that ensures fairness, national security and job creation. To this end, the leaders set a bold new goal for bilateral trade - "Mission 500" - aiming to more than double total bilateral trade to USD 500 billion by 2030.Beyond the US talks, sources mentioned that trade negotiations with the European Union are also underway, and they expect an early harvest.

Sources said trade negotiations between India and the European Union are progressing faster, and both sides are considering concluding the talks for an early harvest trade agreement this year.

Source: economictimes.com– May 23, 2025

HOME

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India has scope to grow exports as supply chains are changing: Report

New Delhi: An opportunity to grow exports is knocking on India's door as supply chains are getting redrawn and steps which raise mid-tech labour-intensive exports can boost the country's trade interlinkages, mass consumption, investment, and GDP growth, according to an HSBC report released on Thursday.

While there is a general sense that India is mostly a domestic demand-driven economy, it is in periods of rising integration with the world that India has grown its fastest, the report states.

The report uses the rolling correlation between India and world GDP growth as a measure of global integration, and finds that the 2000-2010 decade was a period of falling import tariffs, as well as rising global integration, export share, and GDP growth.

In the next decade, 2010-2020, all of this changed. "Tariffs were raised, and global integration, export share, and GDP growth fell. Encouragingly, the few years following the pandemic reflect a rise in global integration once again, though so far it remains a tad one-sided - more financial integration, less trade integration," the report states.

An analysis of GDP sectors shows that consumption is most integrated with world growth (95 per cent), followed by investment (70 per cent), and then exports (35 per cent). One reason could be that India's global connections are stronger in finance (Indian equity markets have become far more aligned with global equities over the last two decades), and this impacts consumption. But integration remains weaker in trade, which influences export and investment, the report further states.

Corporate investment is more globally integrated, while integration is lower for household investment, which includes both real estate and investment by small firms, it points out.

Within consumption, discretionary consumption is more globally interlinked than essentials while strong financial integration is likely to support high-end consumers who tend to be better invested in financial markets, the report states.

Within exports, weak integration has been led by the more labour-intensive mid-tech exports (like textiles and toys), which have been sluggish for a decade, it points out. "Those who have been able to enjoy the gains of financial integration, have seen incomes and discretionary consumption rise. Many of these individuals are associated with large firms (where global capex is globally correlated) or new sectors (e.g. rapidly rising professional services exports)," the HSBC report added.

Source: thehansindia.com– May 22, 2025

HOME

****

UK to give non-discriminatory treatment to India in procurement under FTA

The UK for the first time has agreed to accord non-discriminatory treatment to Indian companies in its public procurement system under the free trade agreement (FTA) between the two countries, an official said.

On May 6, the two announced conclusion of negotiations for the FTA. It will be implemented next year.

"For the first time, UK agreed to take binding commitment to provide non-discriminatory treatment to our suppliers under UK's Social Value regime in their public procurement system," the official said.

Under the UK's Social Value law, the British government departments require public authorities to have regard to economic, social and environmental well-being in connection with public services contracts.

According to the UK government, the trade pact will give UK businesses "unique and unprecedented" access to India's public procurement market, comprising about 40,000 tenders with a value of at least 38 billion pounds a year.

On the other hand, India has agreed to allow British companies to participate in public procurements only in the non-sensitive sectors.

The UK firms, however, will not be allowed to participate in procurements by state government entities and local bodies.

"UK-based suppliers would be allowed to bid for domestic tenders above the agreed thresholds (above Rs 200 crore) as deemed Class II local suppliers under public procurement.

Carve out is also provided for India's 'Make in India policy' as well as medium and small enterprises.

Earlier, India opened the government procurement segment in the comprehensive trade pact with the UAE. Under that pact, UAE firms are allowed to participate in procurement tenders worth over Rs 200 crore.

In 2020, the government modified public procurement norms to give maximum preference to companies whose goods and services have 50 per cent or more local content to promote 'Make in India'.

The revised Public Procurement (Preference to Make in India), Order 2017, has introduced a concept of Class-I, II and non-local suppliers, based on which they will get preference in government purchases of goods and services.

Class-I local suppliers will get the most preference in all government purchases because their domestic value addition is 50 per cent or more. They will be followed by Class-II suppliers, whose value addition range is more than 20 per cent but less than 50 per cent.

India's government procurement market is one of the largest in the world and it is estimated at nearly USD 600 billion annually, or approximately 15 per cent of the country's GDP, as per estimates.

This expenditure fuels development across infrastructure, healthcare, power, education, transport, and defence.

However, GP is more than a budgeting tool as it is a critical industrial policy instrument, used to promote local manufacturing, build MSME capacity, and advance national programs like Make in India and Atmanirbhar Bharat.

Source: business-standard.com – May 22, 2025

HOME

****

India-Oman free trade agreement faces 'Omanisation' policy hurdle

The proposed India-Oman comprehensive economic partnership agreement (CEPA) is stuck over the Gulf country's 'Omanisation' policy, which encourages employment of Omani nationals in the private sector, sources have said.

India wants that the regulations on compulsory employment of Omanis in various sectors must be frozen at the current level for India and not increased after the India-Oman CEPA is signed.

"Omanisation policy is the only issue that remains to be ironed out. They have various percentages for compulsory recruitment of Omanis in various professions. We want that to be frozen. We don't want a situation where after the FTA, more restrictions are put," a source tracking the matter told businessline.

Oman is India's third largest trading partner in the GCC group of Gulf countries, with bilateral trade around $8.9 billion in FY24.

Indian goods worth $3.7 billion like gasoline, iron and steel, electronics, and machinery may get a significant boost in Oman, once both sides reach a comprehensive free trade agreement, according to the think tank, Global Trade Research Initiative (GTRI). These goods mostly face a 5 per cent import duty in Oman.

In the services sector, India hopes to send more professionals to Oman and hence does not want increased restrictions related to employment of expats.

The India-Oman CEPA negotiations began in November 2023 and there were expectations that it would be wrapped up by the first half of 2024.

However, talks stalled over market access demands from Oman for certain items, including petrochemical products.

"Most tricky issues have now been resolved. Once an agreement is reached on the 'Omanisation' policy, the pact can be signed," the source said.

In the Gulf region, India already has a free trade agreement with the UAE. The India-Oman CEPA is also important for its strategic value as it can widen India's access to West Asia, fostering economic and strategic ties in a region of critical importance, the source said.

India's key imports from Oman include petroleum products and urea. These account for over 70 per cent of imports. Other important items are propylene and ethylene polymers, pet coke, gypsum, chemicals, and iron and steel.

India's main exports to Oman include petroleum products, iron and steel, rice (particularly basmati), processed minerals, ships, boats, and floating structures, electrical machinery, machinery parts, tea, coffee, spices, fruits and meat products.

Source: thehindubusinessline.com– May 22, 2025

HOME

****

India turns manufacturing more attractive to investors: S&P Global

India has progressed in turning its manufacturing sector more attractive to global investors and enhancing its competitiveness, and would benefit in the long run from changes under way in international trade policy, an S&P Global Ratings study said.

India can capitalise on the momentum created by economies adapting to evolving trade dynamics and tariff challenges for accelerated manufacturing growth and greater global supply-chain integration, S&P Global India Research Chapter's study, titled 'India Forward: Transformative Perspectives', said.

The country's manufacturing sector can attract additional investment by shifting to local sourcing, raising its proximity to end-markets and enhanced regional integration, accelerating India's technological advancement and manufacturing competitiveness and creating additional high-quality manufacturing jobs, it said.

"Beyond the near-term, changes in global trade policy would catalyse supply-chain diversication, to the benefit of India," it added.

Due to moderate dependence on external trade for growth, the Indian manufacturing sector are somewhat cushioned from ongoing shifts in global trade and tariff policies, though it is not immune to the rising trade protectionism, the report observed.

While manufacturing value added accounts for a modest 17.2 per cent of the country's real gross domestic product (GDP), the government has implemented targeted policy interventions to build domestic manufacturing capacity and strengthen India's role in global supply chains.

Source: fibre2fashion.com– May 22, 2025

HOME

****

Global trade shift demands bold Indian export moves: D&B

A major shift in global trade dynamics is underway, driven by recent US tariff actions that impact a wide range of trading partners, including India, according to Dun & Bradstreet (D&B) India, a leading provider of business decisioning data and analytics, which has released a new report titled 'Navigating the Fault Lines of Global Trade: An Indian Perspective', offering a comprehensive analysis of the shifting trade landscape and its implications for Indian exporters.

As global trade tensions intensify and the United States recalibrates its economic engagement, the report has revealed that the trade environment has changed significantly. Indian businesses need to be ready to mitigate rising risks while seizing newly emerging export opportunities.

Of the 3,934 Indian product lines exported to the US, over 3,100 now face a flat 10 per cent tariff, while 343 are hit with a 25 per cent rate—placing significant pressure on sectors such as textiles, iron & steel, machinery, and chemicals. Despite these challenges, the report highlights 360 high-potential products—particularly in specialty chemicals, pharma inputs, home textiles, and industrial components—where India is well-positioned to grow its US market share. To help exporters navigate this landscape, products are mapped into four strategic zones: sweet spots, high risk–high reward, margin traps, and non-core, allowing businesses to focus where it matters most.

"This marks an important shift in the global trade landscape," said Arun Singh, global chief economist, Dun & Bradstreet. "India is at a point where thoughtful, strategic steps can help turn current global changes into long-term success. As supply chains diversify and trade policies evolve, Indian exporters have a chance to strengthen their role in key sectors. To fully leverage this shift, India must adopt forward-looking strategies that balance risk management with market expansion, especially in margin-sensitive industries like specialty chemicals, pharmaceuticals, textiles, and advanced manufacturing inputs."

Source: fibre2fashion.com – May 23, 2025

HOME

****

Gartex Texprocess India 2025 kicks off in Mumbai with global focus

The 2025 Mumbai edition of Gartex Texprocess India opened its doors at the Jio World Convention Centre on May 22, bringing together over 125 exhibitors from India, China, Italy, Japan, Korea, Singapore, and Taiwan. With a sharp focus on textile and garment manufacturing machinery, innovative fabrics, digital screen printing, trims, and accessories, the show aims to spotlight India's evolving role in the global textile and fashion ecosystem.

Maharashtra pushes for local manufacturing and waste-free fashion

The exhibition was inaugurated by a panel of eminent dignitaries, including Sanjay Savkare, Hon'ble Minister of Textiles, Government of Maharashtra, who served as the Chief Guest. Other notable attendees included Shashank Chaudhary (IAS), Additional CEO of Invest UP; Steven Fang, Chairman of Taiwan Sewing Machinery Association; Elgar Straub, Managing Director of VDMA Textile Care, Fabric & Leather Technologies; Sharad Jaipuria, President of Denim Manufacturers Association & CMD of Ginni International Ltd; and other industry leaders from Hyosung Group, Jindal Worldwide, Raymond UCO, MEX Exhibitions, Messe Frankfurt, and the Denim Manufacturers Association.

In his inaugural address, Savkare highlighted Maharashtra's strategic policy initiatives to promote textile manufacturing. "Denim has become a major fashion trend globally, and we have relaxed import duties on textile machinery.

To boost local manufacturing, the government has launched the Technical Textile Mission which provides subsidies to manufacturers," he said. He outlined the zonal subsidy structure of the state textile policy offering up to 45 per cent support depending on the region.

He also introduced the Zero-Waste Fashion initiative aimed at converting textile waste into useful products such as carpets. To support this, electricity subsidies of Rs 2 per unit for private players and Rs 3 for co-operatives have been announced. He also confirmed the upcoming launch of the PM Mitra Park in Amravati, where final works are nearing completion.

Uttar Pradesh's mega textile park opens new investment avenues

Adding to this, Shashank Chaudhary discussed developments under the PM Mitra Scheme in Uttar Pradesh. "We are developing a 1,000-acre mega textile park near Lucknow under a PPP model, offering a significant opportunity for investors. The state is also enhancing ease of business through new single-window portals for approvals," he shared.
Industry leaders unite to drive innovation and growth

The show's organisers stressed the importance of the event in fostering innovation and collaboration. Gaurav Juneja, Director of MEX Exhibitions Pvt Ltd, said, "Gartex Texprocess India has become a strong industry platform for knowledge exchange and showcasing transformative solutions across fabric, denim, and machinery. With Invest Uttar Pradesh as our State Partner, this edition promises to offer new business possibilities."

Echoing these sentiments, Raj Manek, Executive Director and Board Member, Messe Frankfurt Asia Holdings Ltd, noted, "This event transcends traditional exhibitions. It helps align India's strengths with international demand, especially at a time of shifting global supply chains."

Jointly organised by MEX Exhibitions Pvt Ltd and Messe Frankfurt Trade Fairs India Pvt Ltd, Gartex Texprocess India Mumbai will run until May 24, 2025, serving as a dynamic hub for textile manufacturers, technology providers, and fashion innovators from across the globe.

Source: fashionatingworld.com – May 22, 2025

HOME

****

Cotton yarn demand slows in North India amid global concerns

North Indian markets witnessed weaker demand for cotton yarn due to global concerns. However, cotton yarn prices have not seen significant movement in the last couple of days. There are indications of slow retail demand for garments in the US, which may impact the Indian textile value chain. Tariff hikes in the US could lead to higher inflation and reduced spending on discretionary items.

The Ludhiana market observed slower demand for cotton yarn amid uncertainty regarding uptake from the downstream industry. Although cotton yarn prices remained unchanged, a trader from the Ludhiana market told Fibre2Fashion, “After last week’s price fall, sellers are not ready to reduce prices further. They are waiting for demand to improve next month. However, macroeconomic conditions in the global market are not very favourable, which may result in lower consumer spending at western retail stores.” Buyers are being cautious with new deals as they are uncertain about future demand.

In Ludhiana, 30 count cotton combed yarn was sold at ₹258-268 (approximately $3.00-3.12) per kg (inclusive of GST); 20 and 25 count combed yarn were traded at ₹248-258 (approximately $2.88-3.00) per kg and ₹253-263 (approximately $2.94-3.06) per kg, respectively; and carded yarn of 30 count was noted at ₹238-243 (approximately $2.77-2.83) per kg today, according to trade sources.

The Delhi market also witnessed weaker lifting of cotton yarn, but prices remained steady across all counts and varieties. A trader from the Delhi market explained that the prospects for export demand appear dim. Large retailers in the US have lowered their sales targets due to expectations of slower demand for discretionary items, including garments, at retail stores. Tariff hikes may increase inflation, leaving consumers with little or no money to spend on clothing. Export enquiries and sampling for next Christmas orders are still very slow.

In Delhi, 30 count combed knitting yarn was traded at ₹260-261 (approximately $3.02-3.03) per kg (GST extra), 40 count combed at ₹285-286 (approximately $3.31-3.33) per kg, 30 count carded at ₹234-236 (approximately $2.72-2.74) per kg, and 40 count carded at ₹259-261 (approximately $3.01-3.04) per kg today.

India's home textile hub, Panipat, also witnessed sluggish demand for recycled yarn as the home textile sector faces a double blow of weak demand in both domestic and export markets. The market is also grappling with payment issues and labour shortage, which have further contributed to the slow buying of recycled yarn. Raw materials were traded steadily. Trade sources said buyers are not confident about export demand in the coming months. Raw material demand may improve if buyers receive indications of strong orders from other countries.

In Panipat, 10s recycled PC yarn (Grey) was traded at ₹75-78 (approximately $0.87-0.91) per kg (GST paid). Other varieties and counts were noted as: 10s recycled PC yarn (Black) at ₹52-55 (approximately $0.60-0.64) per kg, 20s recycled PC yarn (Grey) at ₹95-99 (approximately $1.10-1.15) per kg and 30s recycled PC yarn (Grey) at ₹128-134 (approximately $1.49-1.56) per kg. Cotton comber prices were noted at ₹108-110 (approximately $1.26-1.28) per kg and recycled polyester fibre (PET bottle fibre) at ₹75-78 (approximately $0.87-0.91) per kg today.

In North India, there was no significant movement in cotton prices amid thin trading. Seed cotton arrivals also remained steady at lower levels. Spinning mills are looking to buy cotton from the Cotton Corporation of India (CCI) as they are not receiving adequate supply from private sellers. Trade sources said ginning mills may build limited stocks for the off-season, as they are not interested in selling at current prices. Mills and stockists expect better rates in the coming weeks if demand from the downstream industry remains steady. However, the entire textile value chain is facing uncertainty regarding demand in the coming months.

North India's cotton arrivals totalled 750 bales (170 kg each), comprising 500 bales in Haryana, 200 in upper Rajasthan, and 50 in lower Rajasthan. Punjab reported no fresh arrivals. Cotton prices in Punjab ranged from ₹5,750 to ₹5,760 (approximately $66.86–66.98) per maund of 37.2 kg; in Haryana, ₹5,580–5,630 (approximately $64.88–65.46); in upper Rajasthan, ₹5,760–5,780 (approximately $66.98–67.21). In lower Rajasthan, prices stood at ₹54,200–₹55,300 (approximately $630.22–643.01) per candy of 356 kg.

Source: fibre2fashion.com– May 22, 2025

HOME

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